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FILED VIA DELAFILE

Ms. Donna Nickerson, Secretary
Delaware Public Service Commission
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Dover, DE 19904

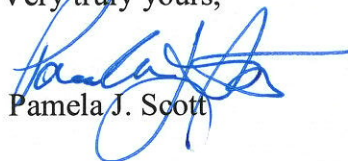
Re: PSC Docket No. 11-330 – Delmarva Power & Light Company's
Energy Wise Rewards Residential Direct Load Control Program –
First Quarter 2016 Report

Dear Ms. Nickerson:

Enclosed for filing is Delmarva Power & Light Company's First Quarter 2016 Report in the above-referenced docket. This filing is being made in compliance with ordering Paragraph No. 4 of Order No. 8253 in Docket No. 11-330.

Should you have any questions, please feel free to contact me at the number referenced above or Heather Hall at (302) 451-5323.

Very truly yours,



Pamela J. Scott

Enclosure

cc: Service List – Docket No. 11-330

Delmarva Power
New Residential Air Conditioner Cycling Program
Quarterly Performance Report
January - March 2016
Order No. 8253

Submitted by: Delmarva Power
On: April 29, 2016

Program Implementation Status

1. Program Authorization: The New Residential Air Conditioner Cycling Program was approved on December 18, 2012 by Order No. 8253.
2. Launch of the Program Website and Program: The website became operational on April 11, 2013. Customer Education materials and *Energy for Tomorrow* (EFT) conversion materials were created, produced and distributed to support the launch of the Program in early April of 2013.
3. Device Goal: Through the *Energy Wise Rewards* (EWR) Program, 66,078 devices were installed by Q1 2016, which exceeded the goal of 51,500 devices by more than 14,000 devices. In order to support the demand reduction commitment to PJM, the devices that are installed need to be “active devices.” An active device is a device that is able to be cycled to reduce energy use. Devices become inactive due to a customer moving out of the residence, or indicating to Delmarva Power that they do not wish to participate, which is referred to as attrition or unenrollments.
4. Current Status: The Program actively recruited and installed participants through Q3 2015 to establish an attrition cushion to keep the active device number above the goal of 51,500 devices. This cushion will allow customers to unenroll, but allow the Company to meet the demand reduction commitment to PJM.

As of Q1 2016, the Program has 59,612 active devices. Since installations have reached and surpassed the targets, active recruitment has ceased and only customers proactively requesting to participate in the Program will be enrolled.

Device Goals

- 19,600 installed devices in the Program by the end of 2013.
- 41,200 installed devices in the Program by the end of 2014.
- 51,500 installed devices in the Program by the end of 2015.

Enrollments and Installations

The recruitment of customers for the Program began in April 2013, with the installation of equipment following in short order as the customers enrolled and scheduled installation appointments.

The EFT-to-EWR conversion was the primary recruitment tool in 2013 and installations associated with this process were mostly complete by the end of Q1 2014. The Company also recruited customers through the joint Energy Wise Rewards and Peak Energy Savings Credit program educational materials and advertising campaign advising customers of the “2 Ways to Save” energy and money.

The Company began door-to-door recruitment for Energy Wise Rewards participation in Q1 2014 in New Castle County and in Q3 2014 in Kent and Sussex counties. Outbound calling began in all three counties – Kent, New Castle and Sussex – in Q2 2014. These recruitment efforts were used in 2014, in conjunction with the joint Peak Energy Savings Credit awareness activities, to encourage customer participation.

In Q1 2015, door-to-door recruitment, outbound calling and emails were utilized to educate and encourage customers to participate in the Program. The joint customer education campaign with Peak Energy Savings Credit was added in mid-Q2 2015. This campaign included a self-mailer to customers, billboards, web advertising, newspaper ads, and radio ads. The joint marketing tactics continued through Q3 2015.

As of the end of Q3 2015, customer recruitment efforts were ceased. As of Q1 2016, the attrition cushion is approximately 8,000 devices which allows for 10% of the customers to terminate their participation in the Program without affecting the PJM commitment.

Going forward, the Program team will continue to educate customers about Peak Savings Days, and will proceed with recruitment tactics only if the active device level drops below 56,000. At the end of Q1 2016 there were approximately 59,000 active devices in place.

The table below of monthly enrollments is provided in accordance with Delmarva Power’s response to Staff’s data request PSC-JCZ-7 in Docket No. 13-115, submitted on July 26, 2013. Enrollments signify a customer’s request to participate in the Program, as well as the non-opt-outs in the EFT-to-EWR conversion process.

Program Enrollments

Month	Customer EWR Enrollment Requests	EFT Conversion to EWR Enrollments*	Total EWR Enrollments
April-13	242	0	242
May-13	569	3,581	4,150
June-13	1,142	6,170	7,312
July-13	1,990	4,098	6,088
August-13	1,181	6,926	8,107
September-13	620	3,267	3,887
October-13	721	8,475	9,196
November-13	140	11,335	11,475
December-13	378	3,258	3,636
Total 2013	6,983	47,110	54,093
January-14	1,081	1,652	2,733
February-14	2,776	1,497	4,273
March-14	1,611	0	1,611
April-14	4,169	0	4,169
May-14	2,693	0	2,693
June-14	1,314	0	1,314
July-14	1,990	0	1,990
August-14	1,439	0	1,439
September-14	790	0	790
October-14	1,605	0	1,605
November-14	777	0	777
December-14	962	0	962
Total 2014	21,207	3,149	24,356
January-15	667	0	667
February-15	564	0	564
March-15	1,024	0	1,024
April-15	1,854	0	1,854
May-15	1,208	0	1,208
June-15	1,988	0	1,988
July-15	2,107	0	2,107
August-15	1,316	0	1,316
September-15	735	0	735
October-15	57	0	57
November-15	15	0	15
December-15	17	0	17
Total 2015	11,552	0	11,552
January-16	22	0	22
February-16	19	0	19
March-16	11	0	11
April-16	0	0	0
May-16	0	0	0
June-16	0	0	0
July-16	0	0	0
August-16	0	0	0
September-16	0	0	0
October-16	0	0	0
November-16	0	0	0
December-16	0	0	0
Total 2016	52	0	52
Total	39,794	50,259	90,053

* The EFT Conversion to EWR Enrollment process was completed in Q1 2014 and no additional enrollments into the EWR program will occur from this process.

The table below lists the actual installations to date and the original forecasted installations. Through the end of Q1 2016, 9 percent of participants have unenrolled, due to changes in the customer's lifestyle, the decision that they no longer wish to participate, or a lack of response to the EFT-to-EWR conversion notification and once they were installed they requested to be removed from the Program. As of March 31, 2016, 59,612 of the total 66,078 installed devices are active and able to be cycled to reduce energy use.

Installations

	Target	Actual
1Q 2013	-	-
2Q 2013	4,350	1,051
3Q 2013	7,650	9,667
4Q 2013	7,600	10,530
Total	19,600	21,248
1Q 2014	5,400	7,852
2Q 2014	5,400	9,811
3Q 2014	5,400	7,880
4Q 2014	5,400	6,194
Total	21,600	31,737
1Q 2015	5,400	4,105
2Q 2015	4,900	4,956
3Q 2015	-	3,867
4Q 2015	-	115
Total	10,300	13,043
1Q 2016	-	50
2Q 2016	-	-
3Q 2016	-	-
4Q 2016	-	-
Total	-	50
Program to Date Total	51,500	66,078

Customer Education/Awareness

1. Program and Customer Education Materials:

- The direct mail materials for EFT-to-EWR participant conversion began in April 2013 and continued through Q4 2013. Device installations for former EFT customers were generally completed in Q1 2014.
- The direct mail materials for the 2013 Peak Energy Savings Credit (PESC) and EWR joint customer education campaign began in June 2013 and concluded in September 2013.
- The 2013 PESC and EWR joint advertising campaign was conducted July through September 2013. The campaign used print ads, TV spots, radio spots and billboards throughout the State.
- The direct mail materials for the spring 2014 EWR recruitment were sent in March and April 2014. This recruitment effort was in conjunction with the PESC and EWR joint customer education campaign that occurred during the summer months.
- The 2014 PESC and EWR direct mail education and recruitment campaign began in June 2014 and was completed in September 2014.
- The 2014 PESC and EWR joint advertising campaign also began in June 2014 and concluded in August 2014. The campaign included web advertising, billboards, newspaper print ads, and bus transit shelter ads.
- The direct mail for the Fall EWR recruitment campaign began in October 2014 and concluded in November 2014.
- Door-to-door recruitments, outbound calls, and emails continued in Q1 2015.
- In Q2 2015, door-to-door recruitments, outbound calls, and emails continued in addition to the joint EWR+PESC campaign to educate customers to reduce their energy use on Peak Savings Days. This campaign was launched in late Q2 and continued through Q3.
- In Q3 2015, the Program team began to wrap up the active recruitment tactics, *i.e.*, outbound calling, door-to-door representatives, and emails. The attrit cushion has been built and should be able to maintain the Program through the 2016 cooling season. The Program team will monitor the active device level and reinstitute recruitment tactics if the level falls below 56,000 devices.
- In Q4 2015, active recruitment for EWR participants was ceased. If a customer requested to participate in the Program, the request was honored and a device was installed. The EWR website is still operational and will remain intact while the Program is operational.

2. The website was available for customer enrollments beginning in April 2013.

Program Cost Data

Table 1 below provides Program cost detail by quarter and Program to date.

Delmarva Power - Delmarva Residential Air Conditioner Direct Load Control (DLC) Program Quarterly Performance Report												
Table 1												
	O&M (Columns D, F, G, H)		Capital (Column B)		Marketing (Column C)		Customer Installation Credit (Subset of Column E)		Customer Annual Incentives (Subset of Column E)		Residential Demand Response Total (Column I)	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Variance
1Q 2013	\$ 290,820	\$ 92,679	\$ -	\$ -	\$ 326,154	\$ 27,135	\$ -	\$ -	\$ -	\$ -	\$ 616,974	\$ (497,163)
2Q 2013	\$ 408,008	\$ 183,179	\$ 1,028,444	\$ 65,407	\$ 1,043,588	\$ 381,812	\$ 248,400	\$ 41,580	\$ -	\$ -	\$ 2,728,440	\$ (2,044,482)
3Q 2013	\$ 408,009	\$ 181,199	\$ 1,673,550	\$ 1,283,735	\$ 733,844	\$ 567,675	\$ 405,000	\$ 408,140	\$ -	\$ -	\$ 3,220,403	\$ (779,554)
4Q 2013	\$ 408,009	\$ 289,089	\$ 1,673,550	\$ 2,168,215	\$ 570,784	\$ 315,747	\$ 405,000	\$ 465,450	\$ -	\$ -	\$ 3,087,323	\$ (317,784)
2013 Totals	\$ 1,514,846	\$ 726,748	\$ 4,373,644	\$ 3,616,387	\$ 2,674,360	\$ 1,302,388	\$ 1,058,400	\$ 913,160	\$ -	\$ -	\$ 9,621,140	\$ (3,163,515)
1Q 2014	\$ 369,082	\$ 228,628	\$ 1,204,956	\$ 1,017,168	\$ 360,000	\$ 143,488	\$ 291,600	\$ 320,920	\$ 12,000	\$ -	\$ 2,237,648	\$ (527,334)
2Q 2014	\$ 369,082	\$ 146,089	\$ 1,204,956	\$ 1,959,521	\$ 940,000	\$ 466,492	\$ 281,600	\$ 385,550	\$ -	\$ -	\$ 2,805,648	\$ (52,104)
3Q 2014	\$ 369,082	\$ 159,456	\$ 1,204,956	\$ 1,493,985	\$ 500,000	\$ 748,787	\$ 281,600	\$ 342,180	\$ -	\$ -	\$ 2,365,648	\$ 382,971
4Q 2014	\$ 369,081	\$ 228,672	\$ 1,204,956	\$ 1,034,228	\$ 380,000	\$ 648,623	\$ 291,600	\$ 257,300	\$ 85,000	\$ 6,978	\$ 2,310,647	\$ (134,546)
2014 Totals	\$ 1,476,367	\$ 763,346	\$ 4,819,824	\$ 6,504,882	\$ 2,160,000	\$ 2,007,400	\$ 1,166,400	\$ 1,306,550	\$ 97,000	\$ 11,208	\$ 9,719,681	\$ (692,788)
1Q 2015	\$ 446,778	\$ 185,792	\$ 766,114	\$ 680,113	\$ 171,887	\$ 288,557	\$ 188,400	\$ 220,111	\$ -	\$ -	\$ 1,589,958	\$ (1,341,573)
2Q 2015	\$ 446,778	\$ 282,467	\$ 766,114	\$ 647,915	\$ 343,333	\$ 685,789	\$ 188,400	\$ 191,988	\$ -	\$ -	\$ 1,741,625	\$ (46,551)
3Q 2015	\$ 223,369	\$ 249,413	\$ 383,057	\$ 646,325	\$ 343,333	\$ 545,513	\$ 92,700	\$ 158,072	\$ 85,000	\$ 30	\$ 1,042,478	\$ 557,844
4Q 2015	\$ 223,369	\$ 229,212	\$ 383,057	\$ 60,807	\$ 171,667	\$ 136,289	\$ 92,700	\$ 6,560	\$ 85,000	\$ 30	\$ 955,813	\$ (519,505)
2015 Totals	\$ 1,340,334	\$ 826,884	\$ 2,288,342	\$ 2,018,160	\$ 1,030,000	\$ 1,648,188	\$ 658,200	\$ 674,738	\$ 85,000	\$ 30	\$ 6,308,876	\$ (143,896)
1Q 2016	\$ 247,811	\$ 162,609	\$ 18,841	\$ 12,985	\$ 168,880	\$ 108,319	\$ 5,040	\$ 2,520	\$ -	\$ 107	\$ 440,672	\$ (153,122)
2Q 2016	\$ 247,811	\$ -	\$ 56,525	\$ 506,841	\$ -	\$ -	\$ 15,120	\$ -	\$ -	\$ -	\$ 826,397	\$ (826,397)
3Q 2016	\$ 247,811	\$ -	\$ 18,841	\$ 168,880	\$ -	\$ -	\$ 5,040	\$ -	\$ -	\$ -	\$ 465,672	\$ (465,672)
4Q 2016	\$ 991,244	\$ 162,609	\$ 160,732	\$ 12,986	\$ 1,381,942	\$ 108,319	\$ 40,320	\$ 2,520	\$ 26,000	\$ 107	\$ 2,658,138	\$ (2,271,589)
Program Totals	\$ 6,322,791	\$ 2,679,687	\$ 11,842,442	\$ 11,061,384	\$ 7,216,192	\$ 5,086,266	\$ 2,821,320	\$ 2,786,358	\$ 207,000	\$ 11,346	\$ 27,208,745	\$ (5,705,805)

The Budget columns reflect the current projections of when costs will occur as stated in the original program filing in 2012.

The O&M column reflects the total of the Contracted Support, Program Administration, Maintenance Services, and Evaluation columns from the original filing.

The original Participant Credit column has been split into Customer Installation Credit and Customer Annual Incentives.

Customer Annual Incentives reflects credits to Third Party Supplier customers who did not participate in the Peak Energy Savings program, but did participate in Energy Wise Rewards.

Customer Annual Incentives budget has been updated to align with the approved program budget. In the event that the number of customers with a Third Party Supplier increases the budget may need to be revised to support the change in customer base.

The Customer Annual Incentives that were budgeted in 2013 were moved to 2014.

Customer Annual Incentive payments are designed to be paid at the end of the season to EWR participants that have a Third Party Supplier as their electric provider.

In 2013 due to an information Technology miscoding issue, the automated process did not occur. The issue has been resolved and the 2013 seasonal credits were applied to customers August/September bill cycle and the 2014 seasonal credits were applied in Q4 2014.

Customer Annual Incentive payments for 2015 will be applied no later than Q2 2016; the \$30 credit in Q4 2015 is attributed to a system test that was conducted for the customer information system that was installed in 2015.

* The projected program spend through 2016 is \$23,775,529, which is \$1,681,162 less than the \$25,456,691 budget approved for the 2013-2016 program cycle. This projection includes a revision to the original 2016 budget of \$806,804.

Program Costs in 2016 consist of:

- O&M - Includes, but is not limited, to the additional management required for the DLC customer information system.
- Capital - supports the installation of devices requested by customers. The program is not actively recruiting participants at this time.
- Marketing - Includes, but is not limited to, the joint co-educational campaign with the Peak Energy Savings Credit (PESC), communications required to participants, and the EWR Customer Service and Call Center.
- Customer Installation Credit - only incurred if customer requests device installation.

If program participants, goals, and strategies remain constant, ongoing annual program operation costs could be between \$2-3 million.

Revenues

PJM market earnings for EWR began accruing June 1, 2014. The total earnings for the reporting period of January 1, 2016 to March 31, 2016 were \$418,684. The Program to date total earnings is \$2,280,662.

DOCKET NO. II-330

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